

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF GAS COST)	
ADJUSTMENT FILING OF VALLEY)	CASE NO. 2005-00461
GAS, INC.)	

O R D E R

On March 14, 2001, in Case No. 2001-00009,¹ the Commission approved rates for Valley Gas, Inc. (“Valley”) and provided for their further adjustment on a quarterly basis in accordance with Valley’s gas cost recovery (“GCR”) clause.

On November 16, 2005, Valley filed its GCR to be effective December 1, 2005. Valley requested a waiver of the 30-day notice requirement in order for rates to be effective December 1, 2005. As KRS 278.180 permits the Commission to shorten the required notice period for good cause, the Commission finds the request should be granted.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. Valley’s notice includes revised rates designed to pass on to its customers its expected change in wholesale gas costs.
2. Valley’s proposed expected gas cost (“EGC”) is \$14.8828 per Mcf, which is an increase of \$7.4031 per Mcf from its previous EGC of \$7.4797.
3. Valley’s notice sets out no current quarter refund adjustment (“RA”).
4. Valley’s notice sets out a current quarter actual adjustment (“AA”) of (38.69) cents per Mcf. Valley incorrectly totaled its total monthly cost difference in its

¹ Case No. 2001-00009, The Application of Valley Gas, Inc. for an Alternative Rate Filing.

current quarter AA. Correcting for this produces a current quarter AA of (49.89). Valley's total AA is (49.89) cents per Mcf, which is 34.27 cents per Mcf more than its previous total AA.

5. Valley's notice sets out no Balance Adjustment ("BA"). Valley's notice sets out no total BA, which is no change from its previous total BA.

6. Valley's GCR is \$14.3839 per Mcf, which is \$7.7458 per Mcf more than the previous rate of \$6.6381.

7. The rates in the Appendix to this Order are fair, just, and reasonable, and should be effective for billing for service rendered by Valley on and after December 6, 2005. Valley did not provide sufficient notice for rates to be effective December 1, 2005.

IT IS THEREFORE ORDERED that:

1. Valley's proposed rates are denied.
2. The rates in the Appendix, attached hereto and incorporated herein, are approved for billing for service rendered on and after December 6, 2005.
3. Within 20 days of the date of this Order, Valley shall file with this Commission its revised tariffs setting out the rates authorized herein.

Done at Frankfort, Kentucky, this 30th day of November, 2005.

By the Commission

ATTEST:



Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2005-00461 DATED November 30, 2005

The following rates and charges are prescribed for the customers served by Valley Gas, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

RATES:

	<u>Base Rate</u>	<u>Gas Cost Adjustment</u>	<u>Total</u>
Customer Charge			\$6.50
All Mcf	\$2.3819	\$14.3839	\$16.7658